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Dictionary of Political Economy. Edited by R. H. INGLIS PALGRAVE, F.R.S. Vol. III, N.-Z. London: Macmillan and Company, 1899, pp. xxii + 762.

THE publication of the concluding volume of *Palgrave's Dictionary* marks the completion of a notable achievement in English economic scholarship. At last the English-speaking world possesses a dictionary of political economy altogether admirable and worthy of the careful and long-continued labor bestowed on it. It has been twelve years in the making, instead of the originally expected three, and it has grown in size from two, to three, closely printed, sizable volumes. But the outcome richly justifies the long delay and the expansion of the original plan.

There are many noteworthy features about the dictionary, but two in particular deserve mention. One of these is the large number of articles treated; the other the long list of contributors, numbering some two hundred. In the list of articles the most frequent entries are from the departments of biography, theory, and the history of theories and systems, economic history, commercial institutions and practices. The individual articles have usually been treated by some competent specialist, are invariably well-written, solid, judicious, and of suitable brevity, and are always accompanied with good bibliographical notices. There is less insistence, too, on the ephemeral aspects of the subjects discussed than is the case with either the German, or the French, dictionary. It is likely to keep its freshness, therefore, longer than these. Finally may be noticed the cosmopolitan tone of the dictionary, which is largely due, no doubt, to the considerable number of foreign contributors—these with the Americans numbering about one fifth of the total.

Genuine congratulations are due, therefore, to the editor and publishers, for this substantial addition to the working outfit of English students and readers of economics.

A. C. M.

Einige strittige Fragen der Capitalstheorie. Drei Abhandlungen. By EUGEN v. BÖHM-BAWERK. Vienna: Wilhelm Braumüller, 1900. 8vo. pp. iv + 127.

THIS thin volume contains the three articles upon the theory of interest published by Böhm-Bawerk last year in the *Zeitschrift für Volkswirtschaft, Sozialpolitik und Verwaltung*. It is devoted to the

defense of certain contested doctrines developed in the author's *Positive Theory of Capital*. Most attention is paid to the criticisms of the German professors Lexis, Philippovich, and Dietzel, though occasional reference is made to other writers—notably Mr. Horace White and Professor J. B. Clark.

The first essay is concerned with the "law of the greater productivity of more roundabout methods of production." It will be recollected that this law is the major premise of Böhm-Bawerk's explanation of interest, for upon it rests the doctrine of the "technical superiority of present goods." Of the numerous objections made to the law as formulated in the *Positive Theory* Lexis's strictures are taken as typical. "Since the beginning of civilization," he writes, "the increasingly successful tendency of technical advance has been to decrease the number of laborers using a given amount of capital . . . and at the same time to shorten the period of production." In support of this assertion he cites the saving of time affected by such technical improvements as the use of explosives in mining and of steam in transportation. Böhm-Bawerk's rejoinder is a characteristic bit of dialectic. What does the decrease in the number of laborers using a given amount of capital mean, he asks, if not an increase in the amount of capital for every laborer? Then, since capital is the result of previously accomplished labor, Lexis's assertion results in the statement that with technical progress laborers are continually using the result of more *past* labor; in short, that the average period of production is continually being lengthened.

Böhm-Bawerk does not content himself, however, with this shrewd answer, but goes on to discuss candidly the real gist of the objection—namely, that a newly discovered productive process is frequently shorter than the process it supercedes. He seems to put his case in the clearest light when he couples the law of the greater productivity of roundabout processes of production with the law of the decreasing productivity of land. He argues that just as the latter may seem at times to be set aside by improvements in agricultural practice, so the former sometimes seems to be contradicted by the invention of more expeditious methods. But in both cases the lapse of the law is only temporary; its operation is concealed, not stopped. The opportunities created by fortunate discoveries for the investment of capital in ways that will yield a speedy return are not sufficient to absorb the accumulations continually coming forward. On the other hand, no nation

has yet even approximately exhausted all the known methods of increasing its productivity by using more capital. The meaning of the law, then, is not that the roundabout method of production is inherently more productive, but that in its endeavor to employ its growing capital society is compelled from lack of better openings to accept those which promise an increase of product indeed, but only at the price of a longer period of waiting.

It has seemed appropriate to review the first essay at some length, because the thesis therein defended has been contested so frequently. The other essays may be more briefly dismissed. In the second, the writer argues, again against Lexis, that the undertaker's ignorance of the actual length of the "average period of production" does not invalidate his explanation of the rate of interest as dependent upon "the increase of product gained by the latest lengthening of the average period of all productive processes." Such knowledge is not necessary to the successful direction of economic activity. One may know that the product can be increased by lengthening the period of production, without having a definite idea how long that period is at present or how much each labor unit now produces.

A number of criticisms relating in general to the scope of the theory of interest furnishes the occasion for the last essay. Against Philippovich the author maintains that interest upon capital is quite distinct from undertaker's profits, and therefore that the theory of interest is not concerned with the explanation of the latter. Answering Dietzel, he denies that an adequate solution of the problem of interest can be found by combining rival theories, referring some cases to the productivity of capital, others to the exploitation of the non-possessing classes, and still others to the capitalist's abstinence. In his most vivacious manner he develops the incongruities in which such an explanation would result. Finally, the writer returns again to Lexis and his preference for the view that interest rests ultimately upon the economic power of capital as set over against the dependent condition of labor. This gives him occasion to define more clearly than he has elsewhere done his attitude toward socialism, or rather toward the influence of socialistic habits of thought upon contemporary economic theory.

On the whole, the book adds little or nothing to Böhm-Bawerk's well-known contributions to the interest problem; but it explains and amplifies certain points which seem to have been misinterpreted despite

the lucidity of the *Positive Theory*. Like all the writer's work, it is characterized by dialectical ingenuity and felicity of illustration. One notices, however, more errors of the press than might have been expected in a reprint.

WESLEY C. MITCHELL.

La Rendita Mineraria. By LUIGI EINAUDI. Torino: Unione Tipografica, 1900. 8vo, pp. viii + 455.

THE rent of mines has never before, so far as the writer knows, been made the subject of a monograph. Aside from the brief discussions by Adam Smith, Ricardo, and their disciples very little attention has been paid to the matter by economists. Dr. Einaudi's elaborate study therefore deals largely with fresh material.

The bulk of the book, 383 pages, is devoted to an investigation of the manner in which mine laborers, operators, and owners have shared the product between them under varying conditions. Starting with the simple organization of the industry such as is found in the Middle Ages, or in a new country like California in 1849, the writer traces the gradual differentiation of profits from wages, and later of rent from profits, which has produced the highly complex system under which coal mining is now conducted in England.

On the basis of the material provided by this historical study Dr. Einaudi builds in his last chapter a theory of rent. He approaches the "whole truth" by three "approximations." First, the "pure theory" is expounded. This is Ricardian in substance, with the added refinement of a distinction between the "differential" and the "marginal" elements in rent. A mine yields a "differential rent" whenever the cost of producing minerals from it is less than the cost at the poorest mine worked. But the poorest mine may itself yield a "marginal rent," provided that the selling price of its output is greater than the cost of production, but not sufficiently greater to allow of working still poorer mines. In this case the owners of mines of better grades receive both a differential and a marginal rent.

The operation of the law of rent, however, is interfered with, to use the author's language, by certain "general modifying circumstances." The investigation of these and their influence forms the "second approximation." They are first, imperfect knowledge of the depth, extent, and richness of the mineral deposits which a mine will open